

REMARKS

This application has been reviewed in light of the Non-Final Office Action dated August 14, 2009 (hereinafter referred to as the "Office Action"). Claims 1-19, 21-22, and 24-25 are pending in the present application (collectively referred to herein as the "presently pending claims"). Claims 1, 17, 18, 19, 21, 22, 24, and 25 are in independent form and are amended herein. Support for the amendments may be found in the present application as published (U.S. Publication No. 2004/0267656) at least at paragraphs [0116]-[0132] and Figures 9 and 10. Accordingly, no new matter is added by these amendments. In view of the aforementioned amendments and remarks set forth below, Applicants respectfully request allowance of Claims 1-19, 21-22, and 24-25.

The 35 U.S.C. § 112 Rejection

In the Office Action, Claims 1 and 17-19 stand rejected under 35 U.S.C. §112, second paragraph, as being indefinite. Claims 1 and 17-19 have been amended to delete the phrase identified by the Examiner as being vague and indefinite. In view of the amendments, Applicants respectfully request withdrawal of the presently pending §112 rejection.

The 35 U.S.C. § 103 Rejection

In the Office Action, Claims 1-3, 5-8, 9-16, 18 and 20-22 stand rejected under 35 U.S.C. §103(a) as being unpatenable over U.S. Patent Publication No. 2004/0172349 (herein "Quinn") in view of U.S. Patent Publication No. 2004/0199449 (herein "Rudkin"). In addition, Claims 4, 17, 19, and 24-25 stand rejected under 35 U.S.C. §103(a) as being unpatenable over the combination of Quinn, Rudkin, and U.S. Patent Publication No. 2002/0116310 (herein "Cohen"). Applicants respectfully submit that the aforementioned rejections are inapplicable to the presently pending claims as amended.

Specifically, in this paper, independent Claims 1, 17, 18, 19, 21, 22, 24, and 25 are amended to call for various embodiments of the present invention which include two transfers of an employee stock option (ESO) – a first transfer of the ESO from an employee to an issuer of the ESO; and a second transfer of the ESO to a third party. According to embodiments of the present invention, possible option value prices (i.e., a plurality of possible prices the employee may receive for each option if they elect to transfer their option) are published or provided to an eligible employee holding an ESO. (Applicants' Publication, paragraphs [0115]-[0117]). Based on this information, during a decision period, the employee may elect to transfer his or her option. (Applicants' Publication, paragraph [0118]). As provided in paragraph [0118] of the Applicants' Publication, the employee "will not know the exact prices they will receive until the end of the averaging period, and they must make a decision on transfer of their options before the end of the decision period, which is before the start of the averaging period."

Upon making an election to transfer, the employee then transfers ownership of his or her options to an issuer of the ESO, without exercising the ESO (i.e., a first transfer of the ESO). (Applicants' Publication, paragraph [0119]). Next, at the end of the decision period (step 908), the stock trading price and corresponding option value price is determined. (Applicants' Publication, paragraph [0120]). At some point in time following the determination of the option value price, a value is provided to the employee in exchange for their previous transfer of the ESO.

According to embodiments of the present invention, the ESO is amended (without exercise thereof) and the amended ESO is transferred to a third party (e.g., a broker dealer) without exercise of the ESO (i.e., a second transfer of the ESO). (Applicants' Publication, paragraph [0120] and [0124]).

The cited combination or references (Quinn, Rudkin, and Cohen) fails to teach or suggest the aforementioned features of the Applicants' present application, as set forth in the presently pending claims. Specifically, the primary reference, Quinn, does not teach or describe one transfer of an ESO without exercise of the ESO, and as such does not teach two transfers, as called for in the presently pending claims. In section 5 on page 3 of the Office Action, the Examiner asserts that the Abstract and paragraph [0050] of Quinn disclose the "transfer of previously issued employee stock options without exercise of the stock options". However, Applicants respectfully point out that the cited portions provide no teaching of such a transfer.

Furthermore, in the same section of the Office Action, the Examiner cites paragraph [0060] as teaching the transfer of an amended stock option to a third party without exercising the amended stock option. (Office Action, page 4). However, in contrast to the features of the claimed invention, the activity described in paragraph [0060] relates to an employees *pledge* of an ESO to a counterparty. It is well established in the art that a 'pledge' of an option is distinct from the 'transfer of ownership' of an option. In fact, paragraph [0060] of Quinn explicitly confirms this fact, indicating "such pledging of the employee options to the counterparty, [occurs] without changing ownership title to the employee options." (Quinn, paragraph [0060]). Quinn goes on to provide that the executive "pledge[s] or assign[s] the employee stock options to the counterparty, while retaining ownership title". (Quinn, paragraph [0067]). As such, Quinn does not teach a single transfer of ownership of an unexercised ESO, and certainly does not teach two transfers of the ESO (without exercise), as called for in the presently pending claims.

Applicants' respectfully submit that the other references in the cited combination (Rudkin and Cohen), when considered alone or in combination, fail to cure the aforementioned

deficiencies of Quinn, and fail to teach or suggest the 'two transfers without exercise of the ESO', called for in the presently pending claims.

It is further noted that the cited references also fail to teach or make obvious a first transfer of the ESO from the employee to an issuer of the ESO prior to a determination of the particular option value price corresponding to the transfer (i.e., an employee's election and transfer of the ESO based on possible, but not finalized, option value prices).

Applicants respectfully request reconsideration of the presently pending claims and withdrawal of the rejections set forth in the Office Action in view of the reasons set forth above. Accordingly, Applicants submit that Claims 1-19, 21-22, and 24-25 are in condition for allowance. In the event that any issues remain following entry of this Response, Applicants' attorney respectfully invites the Examiner to contact the undersigned at (973) 422-6422. Applicants ask that all correspondence related to this matter continue to be directed to the address provided.

Respectfully submitted,

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